

## RECENT CASES

**Heirs of songwriter Harry Woods are entitled to sheet music royalties and public performance fees from radio broadcasts of recordings of "Red Red Robin," following heirs' termination of copyright assignment and recapture of 19-year renewal extension; but music publisher is entitled to public performance fees from television broadcasts of movies and programs whose soundtracks contain the song**

"When the Red, Red, Robin Comes Bob, Bob, Bobbin' Along" was written by Harry Woods 70 years ago and has been enormously successful to this very day. From 1982 to 1992, it earned more than \$200,000 in public performance fees alone. ASCAP paid half that amount to Woods' heirs as his "songwriter's share." The

other half was to have been paid to whomever owned the "publisher's share" - but a dispute arose between Woods' heirs and Bourne Co., the song's publisher, over which of them does own the publisher's share. Now that dispute has been decided, and the answer is surprising complicated.

In an opinion by Judge Wilfred Feinberg, the Second Circuit Court of Appeals has held that Woods' heirs are entitled to all of the songs' sheet music royalties since 1982 and to all public performance fees from radio broadcasts of recordings of the song since that year. But Bourne Co. is entitled to public performance fees from television broadcasts of movies and programs whose soundtracks contain the song. This ruling is a partial victory for Bourne; District Judge Richard Owen earlier had awarded all of the money to Woods' heirs. (ELR 15:12:20) The television fees awarded to Bourne as a result of its appeal came to just over \$27,000.

The legal origins of this dispute can be traced to 1976 when Congress enacted the current Copyright Act. In that Act, Congress extended the renewal term of pre-1978 copyrights from 28 years to 47 years, thereby creating a "19-year renewal extension" or "19-year tail." Congress gave authors and their heirs the right to terminate copyright transfers, thus permitting them to recapture ownership of the copyright for this 19-year period.

However, the right to terminate and recapture the 19-year tail was made subject to one important exception: the owners of an authorized derivative work may continue to use that derivative work, even if the transfer of the copyright to the underlying work is terminated. When this occurs, the owner of the derivative work may continue to use it "under the terms of the grant" of derivative work rights.

The language used by Congress to express this "derivative works exception" (in section 304(c)(6)(A) of

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the Copyright Act) is clear enough in two-party transactions where an author grants the right create a derivative work to the very company that actually creates it and wants to continue to use it after the grant is later terminated. However, the language of the "derivative works exception" is very ambiguous in three-party transactions, where an author grants rights to a publisher, and the publisher then grants rights to the company that actually creates the derivative work. In *Mills Music v. Snyder*, 469 U.S. 153 (1985) (ELR 6:9:8), the Supreme Court held that the "derivative works exception" means that music publishers are entitled to continue receiving their contractual share of mechanical royalties paid by record companies, even after songwriters (or their heirs) terminate earlier assignments of copyrights to recapture their 19-year tails.

The Woods-Bourne transaction was a three-party transaction; in fact, it was several sets of three-party

transactions. Woods assigned his copyright to Irving Berlin, Inc., from which Bourne later acquired it. Bourne then issued mechanical licenses to record companies, synchronization licenses to movie and television program producers, and public performance licenses (via ASCAP) to radio and television broadcasters. Bourne also issued print licenses to sheet music publishers. Woods' heirs terminated the assignment to Bourne in 1982 and thereby acquired ownership of the copyright to "Red Red Robin" for its 19-year tail.

Thereafter, the song continued to earn income from public performances and sheet music sales, and probably from record sales as well. As a result of the Supreme Court's decision in the Mills Music case, Bourne was entitled to its contractual share of any mechanical royalties from record sales. But Mills Music did not deal with whether music publishers are entitled to their contractual shares of public performance fees

from radio and television broadcasts or from sheet music sales, or whether instead songwriters (or their heirs) are entitled to all of that income. These are the issues addressed in the Second Circuit's decision.

Movies and television programs that contain "Red Red Robin" in their soundtracks are authorized "derivative works"; and television broadcasts of those movies and programs constitute authorized uses of those derivative works. The Second Circuit concluded that such broadcasts are the result of a multi-step "grant" from Woods to Bourne to television broadcasters, the "terms" of which entitled Bourne to receive the "publisher's share" of the fees paid by television broadcasters; and therefore, Bourne is entitled to continue to receive its share of those fees.

However, in the eyes of the Second Circuit, radio broadcasts of recordings are legally distinct from television broadcasts of movies and programs; and the

distinction lead to a different conclusion concerning who is entitled to public performance fees from radio broadcasts. While recordings are derivative works (just like movies and television programs), sound recordings do not enjoy a public performance right, and radio stations do not pay public performance fees for the right to broadcast recordings; they pay public performance fees for the right to broadcast only the songs themselves. Therefore, the Second Circuit concluded that radio broadcasts do not constitute the use of derivative works. As a result, after Woods' heirs terminated Bourne's ownership of the copyright to "Red Red Robin," and acquired ownership of it themselves, they became entitled to all of the publisher's share of those public performance fees.

Sheet music is not a "derivative work" either, and thus for the same reason, Woods' heirs became entitled to all of the sheet music royalties as well.

Bourne had argued that the particular version of "Red Red Robin" which was earning these royalties was a derivative work, because in 1926 Woods had provided only a "lead sheet" (i.e., melodic line and lyrics), and everything published thereafter was a "musical arrangement" - i.e., a "derivative work" - prepared by Woods' publisher. The District Court rejected this argument, however, and the Second Circuit has affirmed on this issue as well. The Second Circuit agreed with the District Court that the publisher's additions to Woods' lead sheet were not sufficient to create a "derivative work." The Second Circuit ruled that in order for a musical arrangement to be a "derivative work," "[there must be] something of substance added making the piece to some extent a new work with the old song embedded in it but from which the new has developed. It is not merely a stylized version of the original song where a major artist



may take liberties with the lyrics or the tempo, the listener hearing basically the original tune."

Editor note: The Second Circuit decision is thorough and well reasoned. It does a better job of explaining the "derivative work exception" and the result in Mills Music than the Supreme Court itself did. This said, it must be emphasized that the distinction between television broadcasts of movies and programs and radio broadcasts of sound recordings is an exceedingly fine distinction - and is not one that all judges would have understood let alone accepted. That is, the Second Circuit could have concluded - and could have explained in an equally-well reasoned decision - that television broadcasters do not pay public performance fees for the right to broadcast soundtracks; the Second Circuit could have concluded that television broadcasters pay public performance fees for the right to broadcast songs embedded in those soundtracks. If the Second Circuit had

reached this conclusion, it would have treated television broadcasts and radio broadcasts alike; and Woods' heirs would have received all of the public performance income rather than only the radio portion. The difficulty (for every judge) lies with the language used by Congress when it created the "derivative works exception." Despite significant efforts to "explain" what this language means in the context of three-party transactions, the fact remains that the language makes sense only in the context of two-party transactions. When forced onto three-party transactions, that language is like a Rorschach test: different people simply see different things; indeed, the same people may see different things at different times. Legislation was introduced in Congress following the Supreme Court's decision in the Mills Music case; but the legislation was never voted upon. At the time, music publishers had the upper hand and probably preferred the status quo. As a result of this case,

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however, music publishers have lost much of what they thought Mills Music gave them. Thus the time may be ripe for a legislative clarification of the "derivative works exception."

Woods v. Bourne Co., 60 F.3d 978, 1995 U.S.App. LEXIS 19697 (2d Cir. 1995) [ELR 17:10:3]

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**Arnold Schwarzenegger, James Cameron and others involved in "Terminator 2" win summary judgment dismissing lawsuit alleging their movie was based on a screenplay entitled "The Minotaur"**

Summary judgment has been granted to Arnold Schwarzenegger, James Cameron and their fellow defendants in a plagiarism action that alleged that their movie "Terminator 2" was based on a screenplay

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entitled "The Minotaur" written by plaintiff William B. Green.

In an unpublished 1994 ruling in this case, District Judge Matthew Byrne, Jr., granted the defendants' motion for summary judgment on the plaintiff's copyright infringement claim, ruling that no reasonable factfinder could find the two works to be substantially similar under federal copyright law.

Now, in decision marked "Not for publication," Judge Byrne has dismissed the plaintiff's breach of implied contract and breach of confidence claims as well. In doing so, the judge ruled that the plaintiff had failed to show that the defendants had "used" his ideas for two reasons. First, evidence that the plaintiff had submitted his "Minotaur" script to International Creative Management was not sufficient to show that ICM had disclosed the script's contents to the other defendants. This was particularly true, Judge Byrne found, in light of ICM's

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sworn statements that it had not disclosed the script to others, and in light of the other defendants' sworn statements that they had not received the script or any of its ideas.

Second, there was insufficient similarity between the movie and the script to show that it had been used. Judge Byrne acknowledged that in an implied contract or breach of confidence case, the plaintiff's material does not have to be protected by copyright; and therefore, proof of "use" does not require proof that copyright-protected material was copied. On the other hand, even though a plaintiff may rely on similarity of material that is not protected by copyright, Judge Byrne made it clear that "in order to establish that defendants `used' his ideas so that he can prevail on his breach of implied contract and breach of confidence claims, plaintiff must demonstrate that `substantial similarities' exist between the two works." That is, the two works must be

substantially similar, though their similarities may result from use of material that is not copyright-protected.

In addition, Judge Byrne ruled that "In order for plaintiff to demonstrate sufficient similarities between the two works, the ideas allegedly used by defendants must also be novel."

After a very lengthy and detailed comparison of "The Minotaur" and "Terminator 2," the judge concluded that the similarities between them were not substantial and that the ideas allegedly used were not novel.

Editor's note: It is a shame this case has not been published in print, because it addresses issues that arise quite frequently in idea submission cases, and it reaches the correct conclusions with respect to those issues. California law is quite clear that "substantial similarity" is required in implied contract and breach of confidence cases, though similarity of copyright-protected material is not required. Likewise, New York law - and the law

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of every other state except California - is quite clear that ideas must be novel to be protected under implied contract and breach of confidence theories. (See, e.g., *Murray v. NBC*, 844 F.2d 988 (2d Cir. 1988)(ELR 10:7:8)) At one time, California law - as articulated by the California Supreme Court - also required ideas to be novel to be protected by implied contract law. (See, *Stanley v. CBS*, 35 Cal.2d 653, 656, 221 P.2d 73 (1950). California still requires novelty for idea protection on a breach of confidence theory; see, e.g., *Faris v. Enberg*, 97 Cal.App.3d 309, 322-23, 158 Cal.Rptr. 704 (1979)(ELR 1:14:2)) However, since the late 1950s, California Courts of Appeal have ignored the Supreme Court and have ruled that novelty is not required in implied contract cases. Thus, Judge Byrne's decision in this "Terminator 2" case sets California law back on the correct path. The case is now on appeal to the Ninth Circuit, so the last word on this issue will come from it.

Green v. Schwarzenegger, 1995 U.S. Dist. LEXIS 14031  
(C.D. Cal. 1995) [ELR 17:10:5]

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**Andrew Lloyd Webber defeats motion to dismiss his claim that folk song "Till You," written by Ray Repp, infringes copyright to Webber's song "Close Every Door"; Repp had initiated the case by claiming that Webber's "Phantom of the Opera" infringed copyright to Repp's "Till You," but court dismissed Repp's claim in earlier phase of case**

Songwriter Ray Repp has learned the hard way about the dangers of trying to catch a tiger by the tail: sometimes caught tigers turn around and bite their pursuers. In this case, the tiger Repp was trying to catch is composer Andrew Lloyd Webber.



Several years ago, Repp sued Webber, claiming that Webber's song "The Phantom of the Opera" infringed the copyright to a song written by Repp entitled "Till You." In 1994, however, District Judge Shirley Wohl Kram granted Webber's motion for summary judgment, and dismissed Repp's complaint, for three reasons. First, Judge Kram found that Repp had failed to show that Webber had access to Repp's song. Second, she found that "Till You" and "Phantom" are not strikingly similar. And third, she noted that Repp had failed to submit evidence to contradict Webber's proof of independent creation. (ELR 16:9:3)

Before Webber's summary judgment motion was granted, he filed a counterclaim against Repp alleging that Repp's song "Till You" infringed the copyright to "Close Every Door," a song written by Webber for his musical "Joseph and the Amazing Technicolor Dreamcoat." Following the dismissal of Repp's

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complaint, Repp sought summary judgment on Webber's counterclaim, relying on some of the same arguments that had succeeded for Webber. Repp's motion has been denied, however.

Judge Kram has ruled that a reasonable jury could conclude that Repp had access to "Close Every Door" before he wrote "Till You," because by the time he wrote that song, "Joseph and the Amazing Technicolor Dreamcoat" had been widely performed and recorded versions had been released. Judge Kram also rejected Repp's argument that the two songs are not substantially similar to one another. Instead, she found certain similarities between their lyrics, and she found that the songs "share several sequential notes as well as similar melodies, structure, rhythms and harmonies." Finally, although Repp testified he created his song independently, Judge Kram found that Repp could have "subconsciously copied the musical and lyrical phrases at issue";

and thus Repp's testimony concerning the events of the day he wrote his song did not satisfy his burden of demonstrating the absence of issues of fact concerning his alleged copying.

Repp v. Webber, 892 F.Supp. 552, 1995 U.S. Dist. LEXIS 10121 (S.D.N.Y. 1995) [ELR 17:10:5]

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**District Court denies temporary restraining order sought by musical arranger Chapman Roberts which would have prevented Atlantic Records from releasing cast album for Broadway musical "Smokey Joe's Cafe," despite allegation that album infringes Roberts' copyright in vocal arrangements**

Musical arranger Chapman Roberts has lost his bid for a temporary restraining order which, had it been

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granted, would have prevented Atlantic Records from releasing a cast album for "Smokey Joe's Cafe." The Broadway musical had received seven Tony nominations shortly before Roberts sought the order. The immediate basis for Roberts' lawsuit against the musical's producer and Atlantic Records is his allegation that the album infringes his copyright in the play's vocal arrangements. It appears, however, that the dispute between Roberts and the producer goes deeper than that. He filed a breach of contract action against the producer in New York state court months before his federal copyright case was filed. In the state case, Roberts sought and was granted a preliminary injunction that barred the play's producer from using Roberts' name in connection with the play. The merits of the contract dispute were then ordered to arbitration.

District Judge Shira Scheindlin denied Roberts' request for a TRO for two reasons. First, the judge

concluded that Roberts had delayed unreasonably in seeking the order. Roberts had known for more than two months that the producer and Atlantic intended to release a cast album, but he did not seek a TRO until less than a week before the album was due for release. According to the judge, this was "the precise moment when an injunction would cause defendants the greatest possible harm."

Second, the judge ruled that Roberts had not proved there was a likelihood he would suffer irreparable harm if the album were released as scheduled. Roberts had offered to settle the dispute if he were paid for the use of his arrangements and was given billing credit on the album. The dispute was not settled, and he did not receive credit on the album. But Judge Scheindlin laid responsibility for that omission at Roberts' own feet, because it was he who earlier sought and was granted a

preliminary injunction preventing the producer from using his name in connection with the play.

For these two reasons, the judge found that although irreparable harm is usually presumed in copyright cases, it was neither presumed nor proved in this case.

Roberts v. Atlantic Recording Corp., 892 F.Supp. 83, 1995 U.S.Dist.LEXIS 7052 (S.D.N.Y. 1995) [ELR 17:10:6]

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**District Court refuses to dismiss case brought by actress Jennifer O'Neill against Kensington Publishing, alleging breach of book publishing agreement arising from Kensington's rejection of O'Neill's outline and partial manuscript for a romance novel**

Countless volumes have been written about the trials and tribulations of romance. Romance novel writing and publishing also are subject to trials and tribulations. So it appears, at least, from a decision rendered in a case brought by actress Jennifer O'Neill against Kensington Publishing Corp., a romance novel publisher. Indeed, unless this case is settled, it will - quite literally - go to trial, because District Judge Peter Leisure has denied Kensington's motion to dismiss. The judge has ruled that disputed facts prevent him from granting summary judgment, and that O'Neill's complaint does state valid claims (except those for fraud and infliction of emotional distress which the judge did dismiss).

According to O'Neill, she and Walter Zacharius, Kensington's Chairman and Chief Executive, orally agreed that she would write a romance novel to be published by a new company which would be a joint venture between her own company and Kensington. O'Neill

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also alleges that the terms of this oral agreement were memorialized in a letter written to her by Kensington's general counsel. In reliance on this agreement, O'Neill alleges that she incurred certain expenses, forfeited promotional opportunities and performed promotional activities for Kensington. Both parties agree that she wrote an outline and forty pages of a novel. But Kensington contends that her material was "unacceptable" and it decided not to proceed with the novel.

Kensington moved to dismiss the case, arguing that the letter from its general counsel was not a binding contract. Judge Leisure agreed with the publisher on this point. He found that the letter was "most properly conceptualized as comprising an agreement to agree" and that it was too vague to be a contract. On the other hand, he refused to dismiss O'Neill's breach of contract claim, because he said it is possible that an oral contract had been entered into and the letter merely recited the



understanding reached and did not attempt to precisely document the contract. (Judge Leisure did, however, dismiss O'Neill's claim against Zacharius individually, saying that he could not be held liable for breach of a corporate contract as a result of actions he took as a corporate officer.)

The judge also refused to dismiss O'Neill's "promissory estoppel" claim, saying that her complaint stated sufficient facts under New York law because she alleged an unambiguous promise by Kensington to publish her book upon which she relied by incurring expenses and forfeiting certain endorsement opportunities. The judge also refused to dismiss her quantum meruit and unjust enrichment claims.

Editor's note: This case is reminiscent of the now-settled case brought by Main Line Pictures against actress Kim Basinger - a case that also alleged the breach of an agreement that was never reduced to writing.

(ELR 17:7:22) In that case, a company attempted to hold an actress to promises she allegedly made orally; while in this case, an actress is attempting to hold a company to promises it allegedly made orally. The important common thread between the two cases is that in both, it appears that the key oral statements were made in the course of negotiations concerning the terms of what was to have become a written contract. Since proof of the existence or non-existence of an oral contract often depends on conflicting memories of who said what to whom and when - and since full-blown trials are very expensive - this case and the Basinger case suggest that during negotiations, both sides may want to create their private version of a statute of frauds by documenting in writing that no binding agreement shall exist between them unless and until written contracts are drafted and signed.

Oscar Productions, Inc. v. Zacharius, 893 F.Supp. 250, 1995 U.S.Dist.LEXIS 8985 (S.D.N.Y. 1995) [ELR 17:10:7]

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**Preliminary injunction requiring Saban Entertainment to offer TOR Books the right to publish "Power Rangers" children's books, and prohibiting Saban from licensing "Power Rangers" to other publishers, is affirmed by appellate court**

Judge Ralph Winter acknowledged that he and the other members of his Second Circuit Court Appeals panel have no personal experience with "Power Rangers." But they recently learned from "the record" in a case between Saban Entertainment and TOR Books what the parents of young children have known for some time: Power Rangers became "a huge success -

almost an obsession - with children" following their introduction in a Saturday morning television program produced by Saban. As a result of this obsession, Saban became the owner of "a property that was urgently sought after by companies in all fields of children's merchandising, including children's book publishing." Not surprisingly, Saban did enter into licensing agreements with a number of publishing companies authorizing them to publish "Power Ranger" children's books in a variety of formats.

TOR Books was not one of those Saban had licensed to publish Power Ranger books - and this surprised and then angered TOR, because before Saban's introduction of Power Rangers, TOR and Saban had entered into a contract that gave TOR a right of first refusal to exclusively publish children's books based on properties owned by Saban. Saban construed this right to be limited to books in one particular format which is

known as the "8 x 8" because books in that format measure 8 inches by 8 inches and include many illustrations and limited text. Saban had not licensed other companies to publish Power Ranger 8 x 8's. But TOR interpreted its right of first refusal more broadly, and thus it concluded that Saban's licenses to other companies violated its first refusal rights.

TOR filed a breach of contract action against Saban and then sought and was granted a preliminary injunction by U.S. District Judge Lawrence McKenna. The preliminary injunction required Saban to offer TOR the right to publish Power Ranger books, and it barred Saban from granting such licenses to other publishers. (ELR 16:121:14) Saban appealed, but the Second Circuit has affirmed, in an opinion by Judge Ralph Winter.

Judge Winter has concluded that TOR made a substantial showing that it was likely to succeed on the merits of its contract claim, because as he construed the

TOR-Saban contract, it was "virtually indisputable" that TOR's right of first refusal was not limited to 8 X 8's. Judge Winter also concluded that unless TOR were permitted to publish Power Ranger books it would suffer a loss of goodwill that would cause it irreparable harm. He explained that "the value of a Power Rangers book to TOR's fortunes as a children's publisher is beyond ready calculation. It is a wholly unique opportunity, and the amount of damages - in particular, the loss of prospective business from additional children's authors or owners of characters - will be largely indeterminate if the opportunity is denied."

Editor's note: Insofar as others in the entertainment industry are concerned, this decision may be more significant for what it says about mandatory preliminary injunctions than for its interpretation of the TOR-Saban contract. Judge Winter accepted Saban's legal argument that a mandatory preliminary injunction - like the one

requiring Saban to permit TOR to publish Power Ranger books - may be issued only if the party seeking such an injunction meets the "heightened standard" of showing a "clear and substantial" likelihood of success on the merits and irreparable harm. But Judge Winter also concluded that TOR had met that standard; and in doing so, he distinguished *Metromedia Broadcasting Corp. v. MGM/UA Entertainment Co.*, 611 F.Supp. 415 (C.D.Cal. 1985), in which Metromedia was denied an injunction that would have permitted it to broadcast a popular television program. In that case, Metromedia already was a major broadcaster, and the court found that damages from lost advertising were readily measurable and that it was unlikely the loss of the program would affect Metromedia's momentum.

Tom Doherty Associates, Inc. v. Saban Entertainment, Inc., 60 F.3d 27, 1995 U.S.App.LEXIS 17011 (2d Cir. 1995) [ELR 17:10:7]

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**Nevada Supreme Court reverses \$4.2 million libel and privacy judgment in favor of animal trainer Bobby Berosini against animal rights organizations**

The images on the video tape were startling: just before animal trainer Bobby Berosini was about to go on stage at the Stardust Hotel in Las Vegas, he is shown grabbing, slapping, punching and shaking his orangutans while several handlers hold them in place, and the tape shows him striking the animals with a ten to twelve inch black rod. The videotape was made without Berosini's knowledge or consent, and it was distributed and shown to the public by two animal rights organizations, People

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for the Ethical Treatment of Animals and the Performing Animal Welfare Society. Berosini responded with a libel and invasion of privacy lawsuit which eventually resulted in a jury verdict in his favor and a \$4.2 million judgment.

Now, the Nevada Supreme Court has reversed that judgment in its entirety, on the grounds that the evidence at trial did not support either legal claim as a matter of Nevada law.

The court reversed the libel portion of the judgment, on the grounds that the video tape was neither false nor defamatory. It was not false, because it was an accurate portrayal of the manner in Berosini had handled his animals. And it was not defamatory, because Berosini took the position that he handled his animals in an appropriate and justified manner.

The court also reversed the libel judgment, because to the extent it was based on the defendants'

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public statements that Berosini "regularly abuses" his animals, that statement was one of protected opinion, and was in fact supported by the testimony of experts (including Dr. Jane Goodall) who had seen the tapes and who shared that opinion.

Finally, the defendants had asserted that Berosini had beaten his animals with a "steel" rod, while he claimed the rod was made of wood. The rod itself had been lost by Berosini before trial, and the sound it made when dropped while he was being videotaped made the court "wonder whether the lost rod or rods were what Berosini claimed them to be." Nonetheless, the court concluded that the "composition of the rods is of little moment; if the rods were wooden, saying that they were steel does not defame Berosini. None of the Berosini witnesses attributed any particular injury or damages to [the defendants'] statements that the rod was made out of steel rather than wood."

The court reversed the invasion of privacy of the judgment, on two grounds. First, on the basis of Berosini's own testimony, the court found that there had been no "intrusion" into an area in which he had an expectation of privacy. He had testified that he expected to be left alone with his animals before performances, but only because he needed freedom from distractions and interference with his animals. The videotape was made without his knowledge, and the animals were not distracted or interfered with when it was made. Thus, the court concluded that the making of the tape "did not intrude upon Berosini's expected seclusion." Moreover, the video camera was not "highly offensive to a reasonable person" because of the non-intrusive nature of the taping.

Second, the court reversed the privacy judgment because the prong of Nevada privacy law that prohibits "appropriation" is solely to protect hurt feelings.

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Berosini had not sought to recover for hurt feelings, however; he wanted to recover for the use of his name and image by the animal rights organizations in connection with their money raising campaigns. Nevada law protects against this sort of commercial appropriation too; but it does so under a right of publicity statute which Berosini did not assert in his complaint.

Thus, after years of litigation, Berosini came away from the case with nothing for his efforts, except a published judicial opinion that permanently and publicly records a description of a videotape whose public distribution angered him sufficiently to have filed the suit in the first place.

People for the Ethical Treatment of Animals v. Bobby Berosini, Ltd., 111 Nev. 615, 895 P.2d 1269, 1995 Nev.LEXIS 61 (1995) [ELR 17:10:8]

**Ohio Supreme Court suspends lawyer for a year, because he requested and retained \$20,000 from the Chicago Bears as his fee for renegotiating Richard Dent's player contract, even though the fee exceeded 10% of the amount Dent actually received at the time and Dent had not signed a written authorization**

Attorney Everett L. Glenn has been suspended for a year by the Ohio Supreme Court, as a result of a fee dispute with his former client, National Football League player Richard Dent. In 1992, the attorney renegotiated Dent's contract with the Chicago Bears and arranged for Dent to be paid the present value of \$200,000 in reporting bonuses anticipated for upcoming years. The attorney then asked the Bears to deduct and send him \$20,000 as his fee for the renegotiation, which was 10% of the undiscounted amount of the bonuses. The Bears' treasurer had dealt with the attorney before, and

expected him to send the Bears an authorization form signed by Dent. Dent, however, never signed the authorization, and instead objected to the \$20,000 payment.

On another occasion, the attorney cashed a \$10,000 settlement check for damages caused to a Porsche while it was being driven by Derrick Crawford, another of the attorney's clients. The attorney kept the \$10,000, saying that Crawford owed him fees for services rendered in connection with other matters. Dent however also had an interest in the Porsche and claimed that he was entitled to the \$10,000.

In neither case did the attorney return the money to Dent. The Ohio Supreme Court found that the attorney's actions violated several provisions of that state's Disciplinary Rules, and it ordered him suspended from the practice of law in Ohio for a year. It also ordered

that the attorney refund the money in question with interest, before being reinstated.

Cuyahoga County Bar Ass'n v. Glenn, 72 Ohio St.3d 299, 649 N.E.2d 1213, 1995 Ohio LEXIS 1333 (1995)  
[ELR 17:10:9]

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### **Briefly Noted:**

#### **Insurance coverage.**

An insurance company has a duty to defend its insured in a case alleging trademark, trade dress and copyright infringement, a federal District Court in Michigan has held. The insurance company, United States Fidelity and Guaranty Company, has issued a commercial general liability policy (CGL) to a toy

company. The policy includes coverage for claims alleging "advertising injury" - a term that is defined by the policy itself to include copyright and title infringement and misappropriation of advertising ideas. The toy company has been sued by a competing manufacturer of foam-material toys in an underlying case that alleges that certain of the insured toy maker's products infringe the copyrights, trademarks and trade dress of the competitor's toys. District Judge Paul Borman has construed the CGL policy as one that requires the insurance company to provide its insured with a defense to the underlying lawsuit.

Poof Toy Products, Inc. v. United States Fidelity and Guaranty Co., 891 F.Supp. 1228, 1995 U.S. Dist. LEXIS 9768 (E.D.Mich. 1995) [ELR 17:10:10]

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## **Defamation and emotional distress.**

A defamation and emotional distress lawsuit filed by University of Kansas women's basketball coach Marian Washington has been dismissed by a federal District Court in Washington, D.C., on the grounds that the offending statement was protected by the First Amendment. The statement in question was written by Joseph Smith, the president of the Women's Basketball News Service, and was published in "Dick Vitale's 1993-94 College Basketball Preview" magazine. According to Smith, the Kansas Jayhawks women's basketball team for 1993-94 was "loaded with talent . . . [b]ut coach Marian Washington usually finds a way to screw things up. This season will be no different." District Judge John Pratt recognized that Washington was "deeply offended by these comments and considers them wholly inaccurate." But the judge concluded that the defamation

claim was barred, because the statement was one of opinion; and the infliction of emotional distress claim was barred because "It is well settled law that a plaintiff may not use related causes of action to avoid the constitutional requisites of a defamation claim." As a result, Judge Pratt granted the defendants' motion for summary judgment.

Washington v. Smith, 893 F.Supp. 60, 1995 U.S. Dist. LEXIS 10811 (D.D.C. 1995) [ELR 17:10:10]

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### **Athletic eligibility.**

The Indiana High School Athletic Association did not act arbitrarily or capriciously in ruling that a high school senior was ineligible for varsity sports for a year following the student's transfer from a private high

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school to a public high school in the same district, where the student's family had not changed its residence. Therefore, the Indiana Court of Appeals has ruled that the trial court erred when it enjoined the Athletic Association from rendering the student ineligible. On the other hand, once the injunction was issued, the public school to which the student had transferred could not deny the student eligibility; and thus the appellate court ruled that the school could not be penalized by the Athletic Association for having permitted the student to play during the time the injunction was in effect.

Indiana High School Athletic Ass'n v. Avant, 650 N.E.2d 1164, 1995 Ind.App.LEXIS 579 (Ind.App. 1995) [ELR 17:10:10]

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## **Record store trademarks.**

The owner of the federally-registered service mark "Peaches" for record retail stores has obtained an injunction barring another company from using that mark outside the seven contiguous parishes in South Louisiana (including Orleans and Jefferson Parishes). The owner of the federally-registered mark, Peaches Entertainment Corporation, is the successor to a company that first began using the "Peaches" mark outside of Louisiana for record stores in 1974 and for which it obtained a federal registration for the mark in 1976. The defendant in the case, Entertainment Repertoire Associates, Inc., began using the "Peaches" mark for record stores it opened in New Orleans and Jefferson Parish in 1975 - that is, after Peaches' predecessor first used the mark elsewhere but before Peaches' predecessor registered the mark. Under these circumstances, federal law

permits the "intermediate junior user" - in this case, Entertainment Repertoire - to continue using its mark in its own market, as that market existed prior to the date of the "senior user's" federal registration, but not elsewhere. The principal issue in this case involved the size of Entertainment Repertoire's own market prior to the mark's registration. In a decision by Judge Carl Stewart, the Fifth Circuit Court of Appeals has ruled that Entertainment Repertoire's market consisted of the seven parishes of South Louisiana, and that Entertainment Repertoire may operate its existing stores and may expand by opening additional stores, using the "Peaches" mark, within that market.

Peaches Entertainment Corp. v. Entertainment Repertoire Associates, Inc., 62 F.3d 690, 1995 U.S.App.LEXIS 22577 (5th Cir. 1995) [ELR 17:10:10]

## **Trademark protection for sports-themed T-shirt designs.**

A T-shirt manufacturer has been granted a preliminary injunction that bars a competing T-shirt company from selling shirts bearing a design consisting of three blind mice dressed as sports officials. The injunction was issued by District Judge Patti Saris in a case brought by Three Blind Mice Designs Co. - a small company founded by National Hockey League official Paul Stewart to make T-shirts featuring three blind mice hockey officials. The injunction was issued against Cyrk, Inc., a publicly traded company that manufactures athletic apparel including T-shirts. Judge Saris found that the two companies' designs were similar to one another, that the companies' shirts were sold in overlapping trade channels and markets, and that there had been actual consumer confusion concerning the source of

Cyrk's shirts. The judge also found that the plaintiff's design is inherently distinctive and non-functional. However, Cyrk has been enjoined from selling its blind mice shirts only in Massachusetts - not nationwide - because the plaintiff had not significantly promoted its shirts outside that state. Moreover, Cyrk was not required to pay money damages, because Cyrk did not sell hockey themed T-shirts, and the plaintiff had been unable to show that Cyrk's sales had caused the plaintiff any measurable actual damage.

Three Blind Mice Designs Co., Inc. v. Cyrk, Inc., 892 F.Supp. 303, 1995 U.S. Dist. LEXIS 8963 (D. Mass. 1995) [ELR 17:10:10]

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## **Historic preservation ordinance.**

The constitutionality of the City of Charleston's historic preservation ordinance has been upheld by a federal District Court in South Carolina, in a case filed by an artist whose mural was ordered removed from a building wall. The artist, Robert Burke, contended that the ordinance violated his First Amendment free speech rights, because Charleston's Board of Architectural Review refused to grant a permit for his mural and because the City ordered the removal of his mural from the wall of a privately-owned building on the grounds that the mural was "inappropriate in size [and] scale" for the City's historic preservation district, and because the mural's colors were "garish" and "not in concert with [its] surroundings." In a lengthy ruling, Judge Cameron Currie concluded that the ordinance is constitutional, because it is content neutral, is a valid place and manner



restriction, is sufficiently specific, and is rationally related to the legitimate state interests of promoting tourism and preserving real estate values.

Burke v. City of Charleston, 893 F.Supp. 589, 1995 U.S.Dist.LEXIS 15012 (D.S.C. 1995) [ELR 17:10:11]

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### **Art auction.**

William Foxley, the purchaser of what turned out to be a counterfeit painting, has stated valid causes of action against Sotheby's, the auction house at which he had purchased the painting in 1987 for \$632,500, a federal District Court in New York City has ruled. The painting in question was entitled "Lydia Reclining on a Divan" and was represented to be the work of Mary Cassatt. The Sotheby's catalog guaranteed the

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authenticity of the painting for five years. In 1993, nearly six years after Foxley purchased it, he consigned it to Sotheby's for auction and was advised it may be "inauthentic." Foxley demanded that Sotheby's repurchase it, but Sotheby's refused; and that resulted in Foxley filing a lawsuit on a variety of theories including fraud, negligent misrepresentation and breach of contract. In response to Sotheby's motion to dismiss, Judge Shira Scheindlin has ruled against Foxley and in favor of Sotheby's in connection with all of Foxley's theories, except two. Foxley's claims for "negligent appraisal" and breach of oral contract state valid causes of action, the judge has held, and thus as to those claims, the judge has denied Sotheby's motion to dismiss.

Foxley v. Sotheby's Inc., 893 F.Supp. 1224, 1995 U.S. Dist. LEXIS 5332, 8211 (S.D.N.Y. 1995) [ELR 17:10:11]

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## **Previously Reported:**

The Second Circuit Court of Appeals has amended and republished its opinion in *American Geophysical Union v. Texaco Inc.* - the case that held that photocopying of scholarly articles by Texaco scientists was not a fair use. (ELR 16:10:18) Texaco had petitioned the Supreme Court for a writ of certiorari, but before the Court ruled on the petition, the case was settled and Texaco's petition was dismissed at the request of the parties. The amount of the settlement has not been disclosed, but published reports put it in the "seven-figure" range and are said to include a retroactive license from the Copyright Clearance Center. The Second Circuit's amended opinion emphasizes the institutional nature of the photocopying which was at issue in the case, and the

amended opinion states that the court did not deal with whether photocopying by an individual for research (though not for resale) would be permitted as a fair use or non-infringing de minimis use. *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 1995 U.S.App.LEXIS 40786 (2d Cir. 1995) [ELR 17:10:11]

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## NEW LEGISLATION AND REGULATIONS

**Congress enacts Federal Trademark Dilution Act protecting "famous marks" from unauthorized uses which dilute the distinctive quality of a mark even in the absence of competition or confusion**

Congress has amended the Trademark Act to give protection to "famous" marks against uses which cause "the dilution of the distinctive quality of the mark." The

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amendment adds a new sub-section (c) to section 43 of the Act (15 U.S.C. sec. 1125) which gives the owner of a "famous mark" the right to an injunction against such diluting uses.

The amendment defines "dilution" to mean the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of - (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."

In determining whether a mark is "famous," the amendment provides courts with several (non-exclusive) factors to consider, one of which is whether the mark is registered, though registration is not a prerequisite for treatment as a "famous mark."

The amendment provides that three types of uses are not actionable: fair uses in comparative advertising;

noncommercial uses; and all forms of news reporting and news commentary.

Editor's note: Anti-dilution statutes already exist in 25 states; but state courts have been reluctant to grant nationwide injunctions against diluting activities, because until now, such activities have not been prohibited in the other 25 states. Diluting uses did not previously infringe federal trademark law, because until this amendment, trademark infringement required a likelihood of confusion, mistake or deception; and in some circuits at least, also required competition between the trademark owner and the unauthorized user.

Federal Trademark Dilution Act of 1995, H.R. 1295 (104th Cong., 1st Sess.), 141 Cong.Rec. H14317, S19310 (1995) [ELR 17:10:12]

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**DEPARTMENTS**

**In the Law Reviews:**

The Villanova Sports and Entertainment Law Journal has published Volume III, Issue 1 with the following articles:

A Historical Perspective on the Protection of Children from Broadcast Indecency by Edythe Wise, 3 Villanova Sports and Entertainment Law Journal 15 (1996)

The Evening Hours During Pacifica Standard Time by C. Edwin Baker, 3 Villanova Sports and Entertainment Law Journal 45 (1996)

The Influence of the United States Court of Appeals for the District of Columbia Circuit on Broadcast Indecency

Policy by Jeremy Harris Lipschultz, 3 Villanova Sports and Entertainment Law Journal 65 (1996)

The FCC, Indecency, and Anti-Abortion Political Advertising by Lili Levi, 3 Villanova Sports and Entertainment Law Journal 85 (1996)

Vagueness and Indecency by Jonathan Weinberg, 3 Villanova Sports and Entertainment Law Journal 221 (1996)

Indecent Proposals: Reason, Restraint and Responsibility in the Regulation of Indecency by Allen S. Hammond, IV, 3 Villanova Sports and Entertainment Law Journal 259 (1996)

The Supreme Court Turns Its Back on the First Amendment, the 1992 Cable Act and the First Amendment:

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Turner Broadcasting System, Inc. v. FCC by Holli K. Sands, 3 Villanova Sports and Entertainment Law Journal 295 (1996)

Are We Becoming a Society of Suspects? Vernonia School District 47J v. Acton: Examining Random Suspicionless Drug Testing of Public School Athletes by Nancy D. Wagman, 3 Villanova Sports & Entertainment Law Journal 325 (1996)

University of Colorado v. Derdeyn: The Constitutionality of Random, Suspicionless Urinalysis Drug-Testing of College Athletes by Robert L. Roshkoff, 3 Villanova Sports and Entertainment Law Journal 361 (1996)

Book Review: The Challenge of the Dramatic: Crime Journalism by Samuel H. Pillsbury review of Reporting Crime: The Media Politics of Criminal Justice by Philip

Schlesinger and Howard Tumber, 29 Loyola of Los Angeles Law Review 847 (1996)

Lights, Camera, Animate! The Right of Publicity's Effect on Computer-Animated Celebrities by Pamela Lynn Kunath, 29 Loyola of Los Angeles Law Review 863 (1996)

The ABA Forum on the Entertainment and Sports Industries, 750 N. Lake Shore Drive, Chicago, IL 60611-4497, has published Volume 13, Number 4 with the following articles:

The Digital Performance Right in Sound Recordings Act of 1995 by Les Watkins, 13 Entertainment and Sports Lawyer 1 (1996)

Challenges and Implications of the On-line Age for the Music Business by C. Scott Fedewa, 13 Entertainment and Sports Lawyer 3 (1996)

Legislative Update by Mark Traphagen, 13 Entertainment and Sports Lawyer 7 (1996)

Entertainment Law: Some Practice Considerations for Beginners by Kirk T. Schroder, 13 Entertainment and Sports Lawyer 8 (1996)

AB Recur Finans v. Andersson: Artwork Is Just Another "Good" Under the UCC by Thomas J. Hall and Chet A. Kronenberg, 13 Entertainment and Sports Lawyer 15 (1996)

Book Review: Unsportsmanlike Conduct: Exploiting College Athletes by Walter Byers with Charles

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Hammer, reviewed by Mark T. Gould, 13 Entertainment and Sports Lawyer 17 (1996)

Renewing the Deal Between Broadcasters and the Public: Requiring Clear Rules for Children's Educational Television by Reed Hundt and Karen Kornbluh, 9 Harvard Journal of Law & Technology 11 (1996)

Cybersmut and the First Amendment: A Call for a New Obscenity Standard by Debra D. Burke, 9 Harvard Journal of Law & Technology 87 (1996)

Hastings Communications and Entertainment Law Journal, Comm/Ent, has published Volume 18, Number 1 with the following articles:

Reforming Telecommunications Policy in Response to Entry into Local Exchange Markets by Alexander C.

Larson, 18 Comm/Ent, Hastings Communications and Entertainment Law Journal 1 (1996)

Swerving to Avoid the "Takings" and "Ultra Vires" Pot-holes on the Information Superhighway: Is the New York Collocations and Telecommunications Policy A Taking Under the New York Public Service Law? by Leonard M. Baynes, 18 Comm/Ent, Hastings Communications and Entertainment Law Journal 51 (1996)

Everything That Glitters Is Not Gold: Songwriter-Music Publisher Agreements and Disagreements by Don E. Tomlinson, 18 Comm/Ent, Hastings Communications and Entertainment Law Journal 85 (1996)

American Geophysical Union v. Texaco: Is the Second Circuit Playing Fair with the Fair Use Doctrine? by Shannon S. Wagoner, 18 Comm/Ent, Hastings

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Communications and Entertainment Law Journal 181  
(1996)

The Future of Sports Merchandise Licensing by Julie A. Garcia, 18 Comm/Ent, Hastings Communications and Sports Law Journal 219 (1996)

Confronting Biased Treatment of Trademark Parody Under the Lanham Act by Steven M. Perez, 44 Emory Law Journal 1451 (1995)

Diversity, Racism, and Professional Sports Franchise Ownership: Change Must Come From Within by Kenneth L. Shropshire, 67 University of Colorado Law Review 47 (1996)

Apologize and Move On?: Finding a Remedy for Pornography, Insult, and Hate Speech by Richard Delgado

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and Jean Stefancic, 67 University of Colorado Law Review 93 (1996)

Beyond Peanuts and Cracker Jack: The Implications of Lifting Baseball's Antitrust Exemption by Larry C. Smith, 67 University of Colorado Law Review 113 (1996)

Debating PBS: Public Broadcasting and the Power to Exclude Political Candidates from Televised Debates, 1995 University of Chicago Legal Forum 435 (1995)

Municipal Cable Franchising: An Unwarranted Intrusion into Competitive Markets by Kent D. Wakeford, 69 Southern California Law Review 233 (1995)

Turner Broadcasting System, Inc. v. FCC: The Supreme Court Establishes A Standard of Review for First

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Amendment Issues Involving Cable Litigation by Kathryn S. Robbie, 7 St. Thomas Law Review 375 (1995)

Beyond Pinups: Workplace Restrictions on the Private Consumption of Pornography by Peggy E. Bruggman, 23 Hastings Constitutional Law Quarterly 271 (1995)  
[ELR 17:10:13]